

Releasing the Power of Innovation in Acquisition Management

DoD 5000 Series Acquisition Policy Documents Cancelled, DEPSECDEF Issues Interim Guidance

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Transformation is the word that can be heard throughout the Department from Secretary of Defense Donald Rumsfeld down to the soldiers in the field. As the Department transforms its military to be more responsive to today's world, so too must the acquisition process that provides the ships, tanks, planes, and other systems to the warfighter.

Changing the Acquisition System

With this renewed sense of awareness of the challenges and opportunities of our new security environment, the Department has undertaken a significant initiative to enable the "power of innovation in acquisition management" that will require all of us to think differently.

We are changing the acquisition system to improve the process, streamlining policies to give you more flexibility, and changing the nature of oversight to push decisions and responsibilities to the lowest levels. This initiative is part of an overall strategy to attract and retain a talented acquisition, technology and logistics workforce that will capitalize on more flexible policies to rapidly deliver affordable, sustainable capability to the warfighter. This strategy includes an ac-



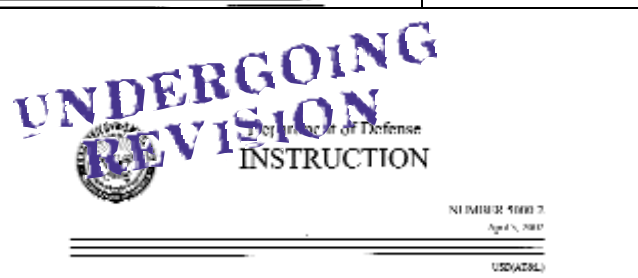
SUBJECT: The Defense

References: (a) DoD Directive 5000.1, October 7, 2000
(b) DoD Directive 5000.2, April 5, 2002
(c) DoD 5000.2-R, April 5, 2002
(d) DoD 5000.2-R, April 5, 2002
(e) DoD 5000.2-R, April 5, 2002
(f) DoD 5000.2-R, April 5, 2002
(g) DoD 5000.2-R, April 5, 2002

1. PURPOSE

This Directive:

- 1.1. Replaces reference (a)
- 1.2. Replaces reference (b)
- 1.3. Cancels reference (c)



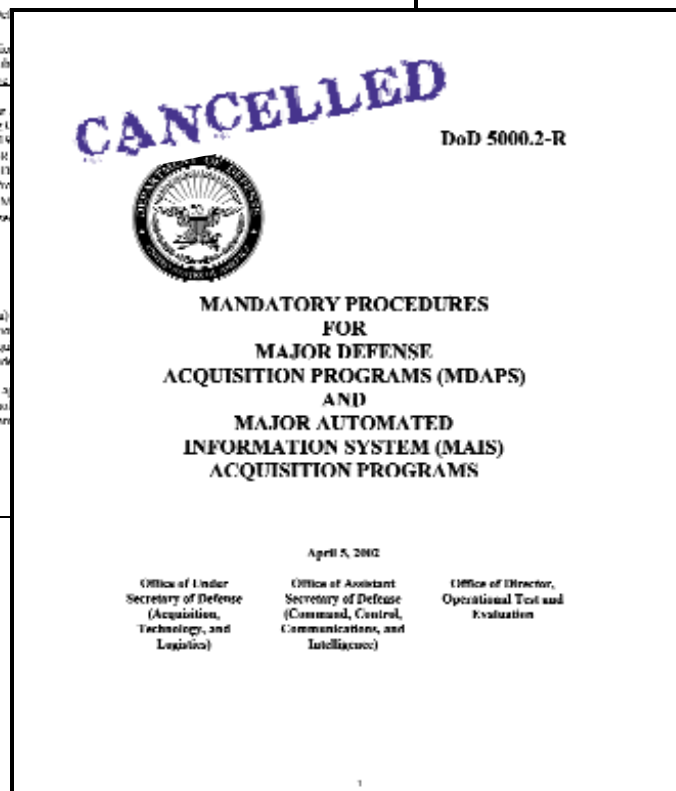
SUBJECT: Operation of the Defense

References: (a) DoD Instruction 5000.2, April 5, 2002
(b) DoD Instruction 5000.2, April 5, 2002
(c) DoD Circular Programming, 1999
(d) DoD 5000.2-R, April 5, 2002
(e) DoD 5000.2-R, April 5, 2002
(f) DoD 5000.2-R, April 5, 2002

1. PURPOSE

This Instruction:

- 1.1. Replaces reference (a)
- 1.2. Establishes a process to acknowledge that every system or program must follow the entire process.



Office of Under
Secretary of Defense
(Acquisition,
Technology, and
Logistics)

Office of Assistant
Secretary of Defense
(Command, Control,
Communications, and
Intelligence)

Office of Director,
Operational Test and
Evaluation

quisition system that facilitates flexibility, policies that permit innovative practices, finding and training innovative managers, and finally, giving those managers the “freedom to manage.”

Cancellation of DoD 5000 Series Acquisition Policy Documents

The first step in changing the acquisition system began when Deputy Secretary of Defense Paul Wolfowitz issued a crucial policy memorandum on Oct. 30, 2002, that cancelled the series of DoD 5000 acquisition policy documents and issued interim guidance to take the place of those documents. The current policy is considered overly prescriptive and not conducive to an acquisition environment that fosters flexibility, efficiency, creativity, and innovation.

Cancelled by the Wolfowitz’ memorandum are: 1) the current DoD Directive 5000.1, *The Defense Acquisition System*, 2) the DoD Instruction 5000.2, *Operation of the Defense Acquisition System*, and 3) the DoD 5000.2 Regulation, *Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs*. While the interim guidance is in place, the Department has until Jan. 15, 2003, to develop and coordinate the final streamlined policy.

The DoD Directive 5000.1 and the DoD Instruction 5000.2 policy revisions retain basic principles, statutory requirements, and focus on outcomes and best business practices, not processes. Independent testing and resource reviews are still required. The cancelled DoD 5000.2 Regulation becomes a guide with lessons learned and information on how to develop documents such as the Test and Evaluation Master Plan (TEMP); and provides guidance, not requirements, on practices and procedures in the acquisition system.

Other Key Policy Initiatives

The streamlined DoD 5000 removes prescriptive procedures while highlighting other key policy initiatives. Examples of policy initiatives crucial to permitting further innovative practices are Performance Based Acquisition,

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where requirements are articulated using required results rather than prescribed methods; the Future Logistics Enterprise, where the logistics footprint is reduced by operating an end-to-end logistics business as a single enterprise; and developing Integrated Requirements and Acquisition processes based on capabilities, integrated architectures, and collaboration between users and acquirers throughout the entire process.

The 5000 policy streamlining and other policy changes are just one facet of releasing the power of innovation in program management. There have been several changes implemented since the

advent of the new administration that have pushed decision making to the lowest levels. These changes include a Defense Acquisition Board that includes the Service Secretaries, Evolutionary Acquisition and Spiral Development as the preferred strategy, realistic pricing of programs, and an emphasis on total ownership costs. All these policies contribute to giving the program manager more room to innovate and freely manage his or her program.

The Human Element

Having the freedom to manage is useless unless we have the right managers. The most important element in the acquisition system is the human element—the program manager. Indeed, program managers are the key to innovation, and the Department has undertaken a significant human capital strategic planning effort to attract, develop, and reward personnel.

When hiring new personnel, marketing strategies are aimed at required skill sets for recruiting potential program managers. To fully develop new personnel as well as the program managers already in the Department, cross-functional assignments, career mobility, and of course, training, are receiving more focus. Training innovative program managers will be done through the new Program Management Training (PMT) series courses at the Defense Acquisition University using Harvard case-based learning. Continuous learning courses also play an important role in training program managers after certification—with 32 courses now available on the Web, 24 hours a day, at any location—and help program managers stay current with the latest policy changes.

The Keys to Innovation

The keys to innovation—having a flexible acquisition system, having the right policies, and having the right people with the freedom to manage—will result in providing better performing systems to the warfighter in less time, and at less cost. We are entering a period of transformation and this transformation can and will release the “power of innovation” in you.